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*Attorneys for Irving H. Picard, Trustee for the
Substantively Consolidated SIPA Liquidation of
Bernard L. Madoff Investment Securities LLC and
the Estate of Bernard L. Madoff*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES INVESTOR PROTECTION
CORPORATION,

Plaintiff-Applicant,

v.

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Defendant.

In re:

BERNARD L. MADOFF,

Debtor.

IRVING H. PICARD, Trustee for the Substantively
Consolidated SIPA Liquidation of Bernard L. Madoff
Investment Securities LLC and Bernard L. Madoff,

Plaintiff,

v.

SHELDON SHAFFER TRUST DTD 3/26/1996;
ESTATE OF SHELDON SHAFFER; and DIANNE

No. 08-01789 (SMB)

SIPA LIQUIDATION

(Substantively Consolidated)

Adv. Pro. No. 10-04873 (SMB)

H. SHAFFER, in her capacity as Personal
Representative of the Estate of Sheldon Shaffer and in
her capacity as Successor Trustee of the Sheldon
Shaffer Trust DTD 3/26/1996,

Defendants.

**STIPULATION OF PARTIAL SETTLEMENT AND STAY OF FURTHER
PROCEEDINGS UNTIL RESOLUTION OF BANKRUPTCY CODE
SECTION 546(E) APPEAL**

Irving H. Picard (the “Trustee”), as Trustee for the liquidation of the business of Bernard L. Madoff Investment Securities LLC (“BLMIS”) under the Securities Investor Protection Act, 15 U.S.C. §§ 78aaa, *et seq.* (“SIPA”), and the substantively consolidated estate of Bernard L. Madoff individually (“Madoff”), by and through his counsel, Baker & Hostetler LLP, and defendants, the Sheldon Shaffer Trust DTD 3/26/1996, the Estate of Sheldon Shaffer, and Dianne H. Shaffer, in her capacity as Personal Representative of the Estate of Sheldon Shaffer and in her capacity as Successor Trustee of the Sheldon Shaffer Trust DTD 3/26/1996 (collectively, the “Defendants”, and with the Trustee, the “Parties”), by and through their counsel, Allen I. Saeks and Blake Shepard of Stinson Leonard Street, LLP and Tracy L. Klestadt and Brendan M. Scott of Klestadt Winters Jureller Southard & Stevens, LLP, hereby stipulate and agree to the following:

1. On November 12, 2010, the Trustee commenced this adversary proceeding against, among others, the Defendants seeking the avoidance and recovery of transfers made by BLMIS within two years of December 11, 2008 (the “Two Year Transfers”) and transfers made by BLMIS prior to December 11, 2006 (the “Non-Two Year Transfers”).

2. By order dated April 30, 2012 (the “Dismissal Order”), the United States District Court for the Southern District of New York (the “District Court”) dismissed the Trustee’s claims to avoid and recover the Non-Two Year Transfers made to certain defendants based on an interpretation of Bankruptcy Code Section 546(e).

3. The Trustee appealed the Dismissal Order to the United States Court of Appeals for the Second Circuit (the “546(e) Appeal”).

4. On December 8, 2014, the Second Circuit affirmed the Dismissal Order. The time for which the Trustee could seek review by the United States Supreme Court has not expired.

5. On or about March 24, 2015, the Parties entered into a settlement agreement (the “Settlement Agreement”) pursuant to the Settlement Order, entered by this Court on November 12, 2010 [Dkt. No. 3181].

6. Under the Settlement Agreement, the Parties have settled the Trustee’s claims for the Two Year Transfers but have agreed to stay this proceeding until a final, non-appealable order is issued in the 546(e) Appeal affirming or reversing the Dismissal Order.

7. If a final, non-appealable order in the 546(e) Appeal reverses the Dismissal Order, the Trustee will, as soon as practicable, dismiss the Trustee’s Two Year Transfer claims against Defendants. Defendants agree they will not assert any laches, statute of limitations, statute of repose, or time limitations defense based on the time period this proceeding is stayed as against them by this Stipulation. The Parties stipulate and agree that the Trustee preserves all rights, claims, causes of action, if any, against Defendants for the Non-Two Year Transfers, and Defendants preserve all defenses, if any, in response to the Trustee’s Non-Two Year Transfers.

8. If a final, non-appealable order in the 546(e) Appeal affirms the Dismissal Order, the Trustee will, as soon as practicable, dismiss the adversary proceeding with prejudice and without costs to either the Trustee or Defendants.

9. The provisions of this stipulation shall be binding upon and shall inure to the benefit of the Parties and their respective successors and assigns and upon all creditors and parties of interest.

Dated: New York, New York
March 24, 2015

Of Counsel:

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Respectfully submitted,

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DTD 3/26/1996; ESTATE OF SHELDON
SHAFFER; and DIANNE H. SHAFFER, in her*

*capacity as Personal Representative of the
Estate of Sheldon Shaffer and in her capacity
as Successor Trustee of the Sheldon Shaffer
Trust DTD 3/26/1996*

IT IS SO ORDERED

Dated: March 25th, 2015
New York, New York

/s/ STUART M. BERNSTEIN
HONORABLE STUART M. BERNSTEIN
UNITED STATES BANKRUPTCY JUDGE